

Message Text

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ORIGIN COME-00

INFO OCT-01 AF-10 EUR-25 EA-11 ISO-00 SS-20 EB-11 XMB-07

TRSE-00 SCI-06 OPIC-12 FRB-02 CIEP-02 OMB-01 L-03

NSC-10 CIAE-00 INR-10 NSAE-00 PA-04 RSC-01 USIA-15

PRS-01 SPC-03 OTPE-00 FCC-03 CEA-02 /160 R

DRAFTED BY COMMERCE:ECLAPP:SL

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FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

AMEMBASSY OTTAWA

INFO USMISSION OECD PARIS

USINT ALGIERS

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E.O. 11652: N/A

TAGS: ETRD, OECD

SUBJECT: EXPORT FINANCING GROUND SATELLITE STATIONS

REFERENCE: OECD PARIS 17414

1. INFO RECEIVED FROM USINT ALGIERS THAT JAPANESE HAVE OFFERED CONCESSIONARY FINANCING FOR SALE OF GROUND SATELLITE STATION TO ALGERIA AS PART OF DOLS. 100 MILLION GENERAL CREDIT LINE. REPORTED TERMS OF OFFER (20 YEARS, INCLUDING 7 YEARS GRACE, AND 4 TO 7 PERCENT INTEREST) GO BEYOND 8-YEARS CEILING STIPULATED IN 1968 UNDERSTANDING ON FINANCING OF SATELLITE STATIONS. SINCE "ADEQUATE LIMITED OFFICIAL USE

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NOTICE" NOT YET RECEIVED FROM GOJ PER PROVISIONS OF

UNDERSTANDING, THIS CASE MAY REPRESENT ANOTHER VIOLATION OF IT.

2. PROJECT INVOLVES SATELLITE STATION AND DOMESTIC SERVICE SUB-STATIONS (LATTER COMPONENT NOT COVERED BY UNDERSTANDING). MAJOR COMPETITORS INCLUDE JAPANESE, CANADIAN, AND U.S. SUPPLIERS. U.S. SUPPLIER (GTE) HAS RECEIVED COMMITMENT FOR EXIM SUPPORT ON STANDARD 8-YEARS TERMS; DETAILS OF CANADIAN FINANCING OFFER UNKNOWN. CURRENT STATUS OF COMPETITION IS THAT GOA DECIDED ON JAPANESE OFFER IN SEPTEMBER BUT HAS DELAYED ACTION AT GTE'S REQUEST UNTIL LATTER CAN PREPARE NEW FINANCING PROPOSAL FOR GOA CONSIDERATION. USINT IMPRESSION IS THAT GTE IS FAVORED CONTRACTOR IF FINANCING TERMS ARE

COMPETITIVE, BUT WE DO NOT ANTICIPATE FIRM CAN COME NEAR TO JAPANESE TERMS.

3. THIS CASE WILL BE SIGNIFICANT FACTOR IN FORMULATION OF U.S. POSITION FOR NOVEMBER 29-30 OECD/ECG MEETING AT WHICH FORMALIZATION OF UNDERSTANDING UNDER OECD WILL BE MAJOR TOPIC FOR DISCUSSION. AT LAST MEETING IN JUNE (SEE REFTEL) CANADIAN AND JAPANESE DELS ACKNOWLEDGED EARLIER FAILURES TO REPORT DEPARTURES FROM UNDERSTANDING AND PROMISED EFFORTS TO AVOID SIMILAR OCCURRENCES IN FUTURE. ALGERIA CASE AGAIN RAISES SERIOUS CONCERN RE JAPANESE INTENTIONS WITH RESPECT TO UNDERSTANDING.

4. IN SEPTEMBER EXIMBANK QUERIED MITI CONCERNING REPORTS OF JAPANESE AID OFFER FOR ALGERIAN STATION. JAPANESE REPLY WAS THEY HAD BEEN APPROACHED TO FINANCE PROJECT AND CONSIDERED MAXIMUM TERM OF SECTOR AGREEMENT TO BE APPLICABLE BUT HAD NOT MADE FINAL DECISION. ON OCTOBER 10 EXIMBANK MADE SECOND INQUIRY WITH MITI. REPLY OF OCTOBER 23 SAID GOJ HAD RECEIVED LETTER FROM GOA AT BEGINNING OF MONTH ASKING FOR FINANCIAL AID FOR SATELLITE STATION PROJECT AMONG OTHERS. JAPANESE STATED, HOWEVER, THAT THEY WERE "UNABLE TO COMMENT WHETHER OR WHEN THIS PROJECT WOULD BE ACTUALLY TAKEN UP". JAPANESE RESPONDED FURTHER THAT THEY WOULD PROVIDE CREDIT WITHIN LIMITED OFFICIAL USE

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8-YEAR TERMS "UNLESS THIS PROJECT IS FINANCED ON A GOVERNMENT AID BASIS". CANADIANS MADE SIMILAR INQUIRY WITH MITI IN OCTOBER, STATING THEY DID NOT INTEND TO EXCEED 8-YEAR FOR 85 PERCENT OF SALE PRICE EXCEPT TO MATCH.

5. FOR TOKYO: REQUEST YOU CONFIRM USINT REPORT OF JAPANESE OFFER TO ALGERIA WITH GOJ. YOU SHOULD

EMPHASIZE USG CONCERN OVER POSSIBILITY THIS MAY REPRESENT ANOTHER VIOLATION OF 1968 UNDERSTANDING AND REMIND THEM OF ASSURANCES RECEIVED FROM JAPANESE DEL AT JUNE ECG MEETING. YOU SHOULD STATE THAT WE WISH TO CLARIFY THIS CASE BEFORE DISCUSSION OF UNDERSTANDING AT NOVEMBER ECG MEETING.

6. FOR OTTAWA: REQUEST YOU MAKE LOW-KEY ATTEMPT TO FIND OUT TERMS OF CANADIAN OFFER AND WHETHER EDC WILL ATTEMPT TO MATCH JAPANESE OFFER. RUSH

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Message Attributes

Automatic Decaptioning: X
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Concepts: LOANS, SATELLITES, TRACKING STATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: ECLAPP:SL
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
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ISecure: 1
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